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## 1.0 General Report Overview

*Effective April 1, 2015, Executive Order 2015-4 created the Department of Health and Human Services (DHHS). The Executive Order also abolished the Michigan Department of Community Health (MDCH) and the Michigan Department of Human Services (MDHS). Except as otherwise provided in Section XIII of the Executive Order, after the effective date of the Order, statutory and legal references to the MDHS, the MDCH of all predecessor departments, are deemed references to the DHHS.*

*The fiscal year 2015 contract was executed between MDCH and the PIHP/CMHSPs. As such, the financial planning, reporting and settlement forms and instructions will reference MDCH. Reference to DHHS will begin with the fiscal year 2016 reporting.*


The establishment of an Internal Service Fund (ISF) is one method for securing funds as part of the overall strategy for covering risk exposure under the Medicaid Managed Specialty Supports and Services Concurrent Waiver Programs Contract (Contract). The ISF should be kept at a minimum to assure that the overall level of Prepaid Inpatient Health Plan (PIHP) funds are directed toward consumer services. For further information refer to Part II – Section 8.6.4 PIHP Assurance of Financial Risk Protection and Attachment P.8.6.4.1 Internal Service Fund Technical Requirement of the Contract.

The final Medicaid ISF report is the basis for the Contract Reconciliation and Cash Settlement and must reflect all activities for the entire fiscal year (FY) including any adjustments necessary to maintain the ISF within the maximum allowable funding level as defined in the ISF Technical Requirement.

NOTE: Effective with the April 1, 2014 implementation of the Healthy Michigan Plan, the PIHP must modify their risk strategy to incorporate the exposure related to providing services to the Healthy Michigan population. The Centers for Medicare and Medicaid Services (CMS) has allowed, for at least the initial implementation of Healthy Michigan, one risk corridor for Medicaid and Healthy Michigan. CMS has also mandated, that at a minimum, the Michigan Department of Community Health (MDCH) report the ISF, lapse and savings for Medicaid and Healthy Michigan funding separately.

## 2.0 Report - Due Dates

Refer to the reporting grid incorporated in Attachment P.7.7.1.1 of the Contract for identification of report due dates. The reporting grid can be found on the MDCH website: [http://www.michigan.gov/mdch/0,4612,7-132-2941\\_38765---,00.htm](http://www.michigan.gov/mdch/0,4612,7-132-2941_38765---,00.htm)

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### 3.0 Report Submission

#### 3.1 Report Submitted via US Mail

This is no longer applicable. Electronic report submission required.

#### 3.2 Report Submission – Electronic

The report should be submitted electronically to the department by the due date identified in 2.0 above at [MDCH-MHSA-Contracts-MGMT@michigan.gov](mailto:MDCH-MHSA-Contracts-MGMT@michigan.gov).

The report's file name must identify the reporting fiscal year, period covered (submission type), agency name, report title and date of submission. Example: For the FY 15 Year End Interim submitted from network180 for the Medicaid ISF, the file name should read **FY15 Year End Interim network180 FSR Bundle 11-10-2015**.

Note: The Medicaid ISF is included in the FSR Bundle. It is not a stand-alone report.

Refer to the Electronic Report Submission Guidelines for report submission specifications.

### 4.0 Report Specific Navigation or Terminology

The Internal Service Fund – Medicaid worksheet includes cell shading to assist the end user with completion of the form.

Report headers are shaded in light green.

Cells requiring data entry are shaded in yellow.


Cells that are formula driven and should not have data entered are not shaded.

Select cells have conditional formatting applied so that if an erroneous entry is made the cell will turn orange.

Worksheet protection has been enabled.

Precision as displayed functionality has been enabled. As such, Excel will utilize the displayed value instead of the stored value when it recalculates formulas.

The term "Submission Type" on the worksheet refers to the reporting period, i.e., Interim, Final, Projection.

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## 5.0 Instructions for Completion of the Report

The PIHP name, Fiscal Year, Submission Type and Submission Date have been brought forward from the FSR – Medicaid.

### 5.1 Section 1 – Internal Service Fund Fiscal Year Activity

The purpose of this section is to identify, by funding source (Medicaid and Healthy Michigan), the ISF held by the PIHP and must report the following:

#### **COLUMN DESCRIPTIONS**

**ISF Balance @ Beginning of Fiscal Year** – This column represents the beginning balance of the ISF. The PIHP will enter, by funding source, the beginning balance of the ISF.


**Current Period ISF Contributions Interest Earned** – This column represents the current period interest earned on the ISF. The PIHP will enter, by funding source, the total interest earned on the ISF during the reporting period.

**Current Period ISF Contributions Deposits** – This column represents the current period contributions to the ISF. The ISF Technical Requirement specifies that the amount of funds paid (deposited) to the ISF must comply with Government Accounting Standards Board (GASB) Statement No. 10, *General Principles of Liability Recognition*, or such other authoritative guidance as issued by the American Institute of Certified Public Accountants (AICPA). Additionally, the estimated liability is computed based on an actuarial method or historical cost information as provided under the Office of Management and Budget (OMB) Circular 2 CFR 200 Subpart E Cost Principles. State funds paid to the ISF shall retain their character as State funds in accordance with the Mental Health Code and shall not be used as local funds. The PIHP will enter, by funding source, the amount deposited to the ISF during the reporting period.

**Current Period ISF Reduction (Abatement)** – The column represents the current period abatement of the ISF due to over funding. The PIHP will enter, by funding source, the total abatement. This amount must be entered as a **negative** amount.

**Current Period ISF Financing (Risk)** – This column represents the current period usage of the ISF to fund expenditures in the PIHP risk corridor. The PIHP will enter, by funding source, the total ISF usage to finance the PIHP risk. This amount must be entered as a **negative** amount.

**Current Period ISF Reduction (Refund to MDCH)** – This column represents the current period refund of the ISF due to over funding. The PIHP will enter, by funding source, the total refund to the MDCH. This amount must be entered as a **negative** amount.

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**ISF Ending Balance** – This column represents the ending balance of the ISF after current period activity has been taken into consideration. The column is formula driven. The formula is the *sum of the beginning balance and the current period activity (contributions of interest earned, deposit, ISF abatement, ISF financing and refund to MDCH).*

### **ROW INSTRUCTIONS**

#### **Row 1.a – ISF Balance / Current Year Activity**

This row represents the total ISF balance and current year activity. The row is formula driven. The formula is *the sum of Specialty Managed Care (1.b), Healthy Michigan Plan (1.c), and MI Health Link (1.d).*

#### **Row 1.b – Specialty Managed Care**

This row represents the portion of the ISF that is Specialty Managed Care (Medicaid). Enter the ISF beginning balance, interest contribution, deposit, abatement, risk financing or amount refunded to MDCH related to Medicaid funding.

NOTE: The amounts representing abatements, risk financing or the amount refunded to MDCH must be entered as a **negative** amount.

#### **Row 1.c – Healthy Michigan Plan**


This row represents the portion of the ISF that is Healthy Michigan. Enter the ISF beginning balance, interest contribution, deposit, abatement, risk financing or amount refunded to MDCH related to Healthy Michigan funding.

NOTE: The amounts representing abatements, risk financing or the amount refunded to MDCH must be entered as a **negative** amount.

#### **Row 1.2 – MI Health Link**

This row represents the usage of the Medicaid ISF to fund MI Health Link – Medicare Services (PIHP share of the PIHP/ICO risk corridor). Enter the ISF risk financing related to MI Health Link.

NOTE: The amounts representing abatements, risk financing or the amount refunded to MDCH must be entered as a **negative** amount.

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## 5.2 Section 1.1- PIHP Transferred To / From ISF Balance

Due to the reorganization of the PIHPs which created Regional Authorities effective January 1, 2014, the number of PIHPs that MDCH contracts with for the provision of services authorized in the Medicaid Managed Supports and Services Concurrent Waiver Programs Contract decreased from 18 PIHPs to 10 Regional Authorities/PIHPs. The ISF is one method of securing funds as part of the overall strategy for covering risk exposure for the new Regional Authorities/PIHPs. MDCH has authorized the transfer of the ISF from the old PIHPs to the new entities. The purpose of this section is to document the transfers of the ISF from the old PIHPs to the new entities.

### Section 1.1.a, b, c, d, & e – PIHP Transferred To / From ISF Balance

Enter in the column titled “PIHP Transferred To / From ISF Balance” the name(s) of the PIHPs that transferred ISF balances to or from the reporting PIHP.

Enter in the column titled “Total Transferred” the amounts transferred to or from the reporting PIHP. Amounts transferred to the reporting PIHP should be entered as a positive amount. Amounts transferred from the reporting PIHP should be entered as a negative amount.

### Section 1.1.f – Total Transferred To / From PIHPs

This cell represents the total amount transferred to / from the reporting PIHP. The cell is formula driven. The formula is *the sum of rows 1.1.a, b, c, d, and e*.

### Section 1.1.g – Final ISF Balance After Transfers


This cell represents the ending balance of the ISF after the transfers to / from the reporting PIHP. The cell is formula driven. The formula is *plus ISF Balances / Current Activity – ISF Ending Balance column (1.a) minus Total Transferred To / From PIHPs – Total Transferred column (1.1.f)*.

### Section 1.1.h – Specialty Managed Care – Portion of ISF Balance

This cell represents the Specialty Managed Care (Medicaid) portion of the ending balance of the ISF. This cell is formula driven. The formula is *Final Balance After Transfers (1.1.g) less Healthy Michigan Plan Portion of Balance (1.1.i)*

### Section 1.1.i – Healthy Michigan Plan – Portion of ISF Balance

This cell represents the Healthy Michigan portion of the ending balance of the ISF. This cell is formula driven. The formula is *plus Healthy Michigan Plan – ISF Ending Balance (1.c)*.

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### 5.3 Section 2 – PIHP Maximum Allowable Funding of ISF

This section calculates the maximum allowable funding of the ISF based on the Specialty Managed Care – Medicaid & Healthy Michigan capitation (authorization) times the maximum percentage (7.5%) that the PIHP is financially responsible for.

#### Section 2.a – Specialty Managed Care – Medicaid Capitation (FSR A 120 & FSR AI 120)

This cell represents the Medicaid and Healthy Michigan capitation (authorization) for the current FY. The cell is formula driven. The formula is *plus Medicaid Shared Risk Calculation and Risk Financing worksheet, Section 1.a.1 – Specialty Managed Care Capitation – Medicaid (FSR A 120 & FSR AI 120)*.

#### Section 2.b – % of Current Year Medicaid Capitation

This cell indicates the percentage (7.5%) used to calculate the maximum that the PIHP is financially responsible for.

#### Section 2.c – Maximum Allowable Funding of Med ISF

This cell represents the maximum allowable funding level of the Medicaid ISF. This cell is formula driven. The formula is *Specialty Managed Care – Medicaid Capitation (A 120 & AI 120) (2.a) times % of Current Year Medicaid Capitation (2.b)*.

### 5.4 Section 3 – Disposition of ISF Ending Balance

This section represents the maximum allowable Medicaid ISF balance, the Medicaid ISF Ending Balance and whether or not the Medicaid ISF ending balance is within the MDCH maximum allowable limit.

#### Section 3.a – Maximum Allowable Funding of Medicaid ISF

This cell represents the maximum allowable Medicaid ISF. This cell is formula driven. The formula is *plus Maximum Allowable Funding of Med ISF (Section 2.c)*.

#### Section 3.b – Medicaid ISF Ending Balance

This cell represents the reporting period Medicaid ISF ending balance. This cell is formula driven. The formula is *plus Final ISF Balance After Transfers (Section 1.1.g)*.

#### Section 3.c - Within Maximum Allowable Limit / (Over Funded)

This cell identifies whether the Medicaid ISF is within the maximum allowable limit or whether the Medicaid ISF is over funded. This cell is formula driven. The formula is *plus Maximum Allowable Funding of Medicaid ISF (3.a) less Medicaid ISF End Balance (3.b)*.

If the Medicaid ISF is over funded, a narrative description of how the PIHP will resolve the over funded ISF must be entered in the **Narrative of Resolution if ISF Over Funded** section. If this space is insufficient, please utilize the “Additional Narrative” tab within the FSR Bundle.